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12 December 1975

MEMORANDUM FOR: J. H. Taylor

SUBJECT : Subordination of CIA Production Elements
to NSC

1. Question: is this organization to be a unit subordinate to some sort of senior national intelligence officer or is it to be somehow integrated in the NSC Staff?

If there is to be such a senior officer separate from CIA, then the proposition is workable and should be considered. If the idea is integration, then we should oppose absolutely; there would be far too close a link to policy and political matters.

2. The following comments are based on the assumption that we are talking about a senior national intelligence officer attached in some manner to the NSC, with responsibilities at least for production of national intelligence, and with the CIA production elements as the major part of his household troops. It is implied that he and his organizations are separate from a CIA(-) and its Director.

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3. To build an efficient organization and serve the NSC at least as well as it is now served would require taking from CIA the following elements:

The NIO's (under some concepts)

O/DDI

DDI/OCI

DDI/OER

DDI/OSR

DDI/OGCR (most)

DDI/OPR (maybe)

DDI/IAS

DDI/CRS (probably all)

DDI/OPCEN (what would be its relation to WHSR?)

DDS&T/OWI

DDS&T/OSI

DDS&T/OEL (elements)

To these would have to be added a substantial slice of DD/A. The overall total would probably be in the general range of [] people, with a budget of upwards of [] (All figures off the top of the head). Addition of NPIC, a logical move, would add another []

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4. Pros

Responsiveness to NSC requirements would be maximized.

Flow of sensitive policy information to intelligence analysts would (probably) be improved.

Management layers between requester and responder would be reduced.

Generally removes the analytic production element, minor in terms of dollars and manpower, from most resource competition.

A clear mission and the status that went with it would assist in building an elite organization.

Separation from collection activities would make it easier to draw on non-official resources, especially academic.

If the senior intelligence officer had responsibilities in the intelligence resource management field, this arrangement would provide him a strong substantive component for the integrated staff he would need.

Some efficiencies might be achieved in the consolidation of CIA production.

5. Cons

Such an arrangement would not be substantially different in practice from the present arrangements, under which CIA production is to a considerable extent

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directed to the NSC already. However, the arrangement would reduce the breadth of analytic effort supporting other government elements (OSD, Treasury, Commerce, etc.)

There would be a major disruption in production activities. In particular it would be necessary--at considerable expense--to build new computer capabilities.

Fitting an organization of this size politically, bureaucratically, and physically into the NSC structure would be difficult.

There would be increased costs in splitting CIA's present support and staff organizations.

The organizational integrity of CIA would be disrupted, opening the door to proposals for dismemberment. In particular, Defense would probably absorb CIA technical collection. (A special case: DDI/FBIS would be left with no suitable home except State.) On the other hand, if an independent successor organization to CIA continues in the collection field, there would inevitably be pressures for it to create an analytic capability to support collection.

Would lack the direct interface among producers, developers and collectors to the detriment of all three. Greater opportunity for collection to lose sight of the purpose of the exercise and loss to analysis by not fully

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understanding and using the collection and processing tools to full advantage. This relates to technical collection in particular but also to HUMINT. Would reduce direct support and guidance to collector.

Unless the director of this organization had real clout, i.e. resource control of the whole national intelligence budget, it would be difficult for him to extract the support, including intelligence data, he would need from the departmental agencies. Rather, there would be a tendency for these agencies to bypass him and move their views to the NSC through their department heads.

RICHARD LEHMAN

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THE ROLE OF THE DCI

(Talking paper for use in closed session with the Senate Select Committee on Thursday, 11 December 1975.)

INTRODUCTION

1. Role of the DCI is difficult to describe in the abstract since it depends on a variety of factors, of which the authority actually assigned him by law or directives is only one.
2. Other important factors include:
 - a. The world situation, and the type of problems which are most critical to the United States.
 - b. The expectations of the President, and how the President approaches his decision making.
 - c. The personality and character of the DCI himself.
3. A brief look at the primary focus of individual DCI's suggests what each of them considered most important--and indicates a wide diversity in their approaches to the job:
 - a. The first DCIs, through the period of General Smith, focused almost entirely on organizational matters, establishing the CIA and defining its role.
 - b. Allan Dulles devoted most of his attention to covert action, and in his period this loomed large in CIA resource use.
 - c. Mr. McCone was primarily interested in improving the quality of estimates, and in initiating several of the major technical collection systems on which the Community now puts so much dependence.
 - d. Admiral Raborn was in the job hardly long enough to become a major influence in any particular area.
 - e. Mr. Helms divided his attention primarily between service to the President and supervision of overseas operations of the Agency.

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f. Dr. Schlesinger was DCI for only a very brief period, and he put his major attention during those months to matters of restructuring and reorienting CIA.

g. My tour has been devoted largely to serving as spokesman for the Intelligence Community and strengthening Community aspects of the U.S. intelligence effort. I have paid less attention to details of Agency operation than most of my predecessors.

4. It was only shortly before Dr. Schlesinger and I came into the office that the President issued his landmark directive of 5 November 1971 on "Organization and Management of the U.S. Foreign Intelligence Community."

a. I should stress that this document, and NSCID No. 1 which put the President's Memorandum in directive form, added to the responsibilities of the DCI, but did nothing to increase his authority. That authority, then and today, extends only to the CIA.

b. It was this directive which, for the first time, charged the DCI to prepare for the President an annual budget recommendation for the entire Intelligence Community, including tactical intelligence.

c. The directive also charged the DCI to:

(1) Plan and review all intelligence activities and the allocation of all intelligence resources.

(2) Produce the national intelligence required by the President and other national consumers.

(3) Chair and staff all Intelligence Community advisory boards or committees.

(4) Reconcile intelligence requirements and priorities within budgetary constraints.

d. The President put special emphasis on the need for:

(1) Assuring authoritative and responsible leadership for the Community as a whole.

(2) Continuing review of the U.S. intelligence effort with respect to national requirements.

(3) More efficient use of resources by the Community in the collection of intelligence information.

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(4) Review and revision of the assignment of intelligence functions within the Community to eliminate inefficient, unnecessary or outmoded activities.

(5) Improvement in the quality, scope and timeliness of the Community's product.

(6) Use of intelligence to enhance the formulation of the foreign, military and economic policies of the U.S. Government, and the planning for and conduct of military operations by U.S. forces.

5. On the basis of my experience in seeking to execute this directive, I see the DCI role as involving three basic ingredients.

6. First, he must assure that high quality intelligence is provided to the President and to policy and decision-making levels of the Government.

a. This involves a variety of tasks.

(1) The DCI must seek to assure that the Intelligence Community has adequate resources to collect, process, and produce the intelligence needed.

(2) He must assure there are mechanisms for liaison with consumers to determine what is needed, and that sound analysis is applied to the development of estimates.

(a) To this end, I have put great reliance on my National Intelligence Officers and the United States Intelligence Board.

(b) I also have used my Intelligence Community Staff to review and evaluate the performance of the Community, particularly in crisis situations.

(3) The DCI must provide guidance to the Intelligence Community, both as to current needs and as the basis for planning.

(a) To accomplish this I have used a number of guidance documents.

1. Key Intelligence Questions are published annually to identify matters of particular importance, and we have developed procedures to evaluate the manner in which the agencies of the Community respond to the KIQs.

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2. "Substantive objectives" are included in my annual Objectives for the Intelligence Community.

3. Guidance for the coming five years is provided in my annually issued Perspectives for Intelligence.

4. Supplementing the Perspectives we annually prepare a directive (DCID 1/2) which provides specific listing of the priority which applies to each of more than 100 topics of intelligence interest. This measure of expected importance to U.S. interests is assigned by topic to each country of the world to which some intelligence importance attaches. The guidance is applicable for planning purposes over the next five years.

(b) My National Intelligence Officers and my Intelligence Community Staff are directly involved in the development of these guidance documents.

7. The second major DCI function is what is often referred to as "management" of the Intelligence Community, but can more aptly be called leadership of the Community.

a. The leadership role of the DCI depends in large measure on the guidance which he issues and his use of coordination mechanisms such as the United States Intelligence Board and the Intelligence Resources Advisory Committee.

(1) This is because he has no authority actually to manage any elements of the Community except the CIA and the two small offices which directly support him: The National Intelligence Officers and the Intelligence Community Staff.

b. The DCI has two primary vehicles for his involvement in Community management decisions.

(1) The first of these applies to the Community as a whole. It is his National Foreign Intelligence Program Recommendation which he submits to the President each December through the OMB.

(a) In preparation for this document, the DCI's Intelligence Community Staff participates in detailed budget reviews with the major organizations of the Community.

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(b) Major issues are raised for discussion before the Intelligence Resources Advisory Committee, which the DCI chairs.

(c) By the time the program recommendation is ready to go to the President, the DCI is quite aware of the management issues which are engaging the components of the Intelligence Community. His guidance during reviews, and his recommendations set forth in the program recommendation document are a major element of the DCI's Community management role.

(2) The second management vehicle available to the DCI is a specialized one stemming from the fact that he is chairman of the two-man Executive Committee (or EXCOM) for the National Reconnaissance Program.

(a) The second member is the Assistant Secretary of Defense for Intelligence.

(b) This EXCOM arrangement is based on a ten-year old agreement between the Secretary of Defense and the DCI, and stems from the fact that both the CIA and the Defense Department are deeply involved in the space satellite business.

(c) The EXCOM is responsible for decisions on the program and budget of the National Reconnaissance Program.

(d) No comparable EXCOM arrangement exists for the other major collection programs (signals intelligence and human source activities).

c. Despite existence of the NRO EXCOM and the National Foreign Intelligence Program Recommendation, I feel it necessary to stress that the DCI is not the manager of the national intelligence effort.

d. In an overall sense, he is its leader, its spokesman, its primary coordinator, but not its manager.

8. The third major DCI responsibility stems from his position as operating head of the Central Intelligence Agency.

a. Because of competing demands on my time, particularly Community matters and the requirement that I serve as spokesman for the Community and advisor of the NSC, I have left the detailed management of the Agency largely to my Deputy Directors.

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b. My role has been primarily one of issuing directives and utilizing a system of management by objective to measure accomplishments and to assess responsiveness of the Agency to its responsibilities.

(1) I have been very fortunate in having top quality deputies in whom I could put great reliance.

DESCRIPTION OF OPTIONS

9. Looking to the future, I recognize that there are a considerable number of options applicable to definition of the role of the senior U.S. foreign intelligence officer--whether or not he is termed the DCI.

10. In my view, determining which option is best requires decisions in three areas.

11. First, what does the President expect of his senior intelligence officer and how does he intend to use him?

a. Since this is a matter which each President must decide, I will not explore it in any length.

b. Suffice it to say the senior intelligence officer can be:

(1) Someone who is a Presidential confidant, or, at the other extreme, might see him very seldom.

(2) An operating manager of the entire Community, or a coordinator, or even a first-among-equals.

12. Second, what authority is the senior intelligence officer to have with respect to resource matters?

a. Is he to be responsible for actually approving the budgets of component organizations of the Intelligence Community in detail?

b. Or is he to be charged only with recommending an overall budget figure without specific approval authority?

c. Or is he to have no Community budgetary role at all?

13. And, third, is the senior intelligence officer to continue as the operating head of the CIA or be separated from the Agency?

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14. Determination as to details of the role of the senior intelligence officer can be worked out once decisions have been reached as to the second and third of the factors I have mentioned-- budgetary authority and the relation to management of CIA.

15. With these factors in mind, I visualize four major options for determining the role of the DCI (or whatever title is given to the senior intelligence officer) and for working out the kind of Intelligence Community structure which will enable that role to be fulfilled.

16. I would like to sketch these four options briefly, and indicate the PROs and CONs that apply to each.

THE FIRST OPTION

17. The senior foreign intelligence officer would be a member both of the White House Staff and of the National Security Council. He would have supervisory and direct management authority over the major national intelligence organizations--CIA, NSA and NRO. The CIA would have a separate director. The NSA and NRO would each become a statutory executive agency. The senior intelligence officer would have responsibility for production of national estimates and for the warning function, and would have a staff for these purposes. Departmental and agency intelligence would be a responsibility of the departments and agency (CIA). Community coordination mechanisms would be as desired by the senior intelligence officer.

What is this?

a. PROs

(1) The President and the Congress would have one man upon whom to charge responsibility for effectiveness of the U.S. national intelligence effort-- and that man would have the tools to carry out the job.

(2) The national intelligence effort would be highly centralized through direct management controls from the top, embracing CIA, NSA and NRO.

(3) Responsibility for substantive national intelligence of direct interest to the President and the NSC would be located in the White House Staff.

(4) The Intelligence Community would have a senior spokesman with greater access to the President than the DCI now has.

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(5) Separation of the senior intelligence officer from CIA would eliminate any charge of favoritism from other agencies.

(6) Clear delineation of organizational functions and responsibilities would be enhanced.

b. CONs

(1) Such extreme concentration of intelligence authority in a single person would pose serious problems if that person is politically motivated and more interested in responding to policymaker desires than in concentrating on unbiased intelligence.

(2) The Department of Defense could be expected to object strenuously to separate executive agency status for NSA and NRO, which are now within Defense.

(3) Major legislative actions would be required.

(4) The necessary bureaucratic changes would have a major, if only temporary, unsettling impact within the Intelligence Community.

(5) Unless adequate coordination machinery is provided, conflict could arise among the departmental secretaries and the senior intelligence officer over estimates prepared in the White House Staff and over what is national and what is departmental intelligence.

(6) The senior intelligence officer would require a sizeable separate staff.

(7) The national intelligence and warning production staff would be handicapped by lack of direct access to the analytic base.

THE SECOND OPTION

18. The senior intelligence officer would be attached to the Office of the President and serve as advisor to the NSC. The CIA would have a separate director. The senior intelligence officer would have responsibility for production of national estimates and for the warning function. Budgets of the CIA, NSA and NRO would require approval of the senior intelligence officer, but he would have no direct management authority over these organizations. NSA and NRO would remain, as now, within the Department of Defense structure. The senior intelligence officer would serve as Inspector General of the Community for the President. CIA?

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a. PROs

(1) Some of the PROs for this option are the same as those for Option One:

(a) Increased access to the President by an intelligence spokesman.

(b) Separation of the senior intelligence officer from CIA to reduce any charges of favoritism.

(c) Responsibility for production of national estimates would still be in the White House Staff.

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(2) Other PROs directly applicable to the second option are these:

(a) The senior intelligence officer would not be burdened with administrative management chores since he would not have management responsibility for CIA, NSA and NRO, but he still would hold a strong hand through his budget approval authority.

(b) Little legislative action would be required.

(c) Defense Department objectives might be less strong than in the case of Option One.

b. CONS

(1) The CONS for this option also include some of those applicable to Option One.

(a) Location of the senior intelligence officer within the White House Staff would increase the risk of politicization of the intelligence effort.

(b) There would be a major, even if only temporary, unsettling effect within the Intelligence Community.

(c) The senior intelligence officer's staff for production of substantive intelligence would be handicapped by lack of direct access to the analytic base.

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(d) Unless coordination mechanisms were particularly effective there would be risk of conflicts with departmental secretaries over the content of estimates produced by the senior intelligence officer and over determination as to what are national and what departmental intelligence activities.

(2) Other CONs directly applicable to Option Two are these:

(a) The line of authority of the senior intelligence officer would be limited to budgetary control.

(b) Budget controls might not be sufficient to eliminate "end runs" by agency heads.

(c) Detailed control by the senior intelligence officer of sensitive clandestine (CIA) activities would be weakened by bureaucratic barriers.

THE THIRD OPTION

19. The senior foreign intelligence officer would be, as now, the operating head of the CIA. The CIA would retain its present function, and existing Community coordination organs would continue. The CIA would chair Executive Committees--or EXCOMs--for the NSA and well as the NRO. These EXCOMs would have approval authority for programs and budgets of NSA and NRO, but the organizations would remain within the Department of Defense. Departmental intelligence activities, including tactical intelligence, would be solely departmental responsibilities. The DCI would have two deputies, with appropriate staffs, one for Community management and one for direct management of CIA.

a. PROs

(1) The present Community structure would be maintained and somewhat strengthened.

(2) The DCI would have more responsibility than now for the three major national programs--CIA, NSA and NRO--encompassing the major collection activities (SIGINT, imagery and human source).

(3) The concept of a national intelligence Community independent of departmental or White House pressures would be continued.

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(4) Conflicts between the DCI and departmental heads concerning departmental intelligence activities would be minimized.

(5) The DCI would continue to serve as spokesman before Congress for all national intelligence activities.

(6) Bureaucratic changes would be few, so turbulence would be minimal.

(7) No legislative action would be needed for organizational changes.

b. CONS

(1) The senior foreign intelligence officer would continue to be separated from the White House and would still be clearly subordinate to the Secretaries of State and Defense in the NSC structure.

(2) The DCI would have only partial authority for non-CIA budgets and programs.

(3) Problems of DCI and CIA access to sensitive departmental activities and communications would continue.

(4) Some ambiguities would continue concerning differentiation between national and departmental or tactical intelligence activities.

(5) Adoption of this "partial" option would mean missing an opportunity for a major reshuffling within the Intelligence Community which could markedly enhance the authority of the senior foreign intelligence officer and erase the bad image which the CIA has recently acquired.

THE FOURTH OPTION

20. The Intelligence Community concept would be abandoned. The DCI would have no operating responsibilities other than as head of the CIA. No consolidated Intelligence Community budget recommendations would be prepared. State, Defense and CIA would separately support intelligence needs of policy levels of the Government. Some agency and departmental functions could be redistributed. (An example would be transfer of CIA responsibilities for collection and analysis of technical intelligence to the Defense Department.)

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a. PROs

(1) Visibility of CIA would be reduced, which could assist continuation of clandestine activities.

(2) Renaming of CIA and reduction in the scope of its responsibilities could enhance a "fresh start."

(3) The CIA service and support structure could be reduced somewhat.

(4) Specialized activities, such as technical intelligence, could be concentrated in a single department.

(5) Reduction in the analytical role of CIA could facilitate creation of an intelligence analytic staff in the NSC structure to produce national intelligence.

b. CONs

(1) Resource constraints and increasing dependence on technology in intelligence activities emphasizes the need for greater centralization of intelligence management, not abandonment of a Community concept.

(2) The DCI would not be able to provide service to the Congress commensurate with what he now does.

(3) Coordination of national intelligence estimates and other national intelligence activities would be much more difficult.

(4) Independence of intelligence advice and assessments to the President and the NSC would be much reduced. Parochial views could well replace a broad interdisciplinary approach.

(5) The CIA would lose much of its present flexibility in support to the Government as a whole.

(6) Bureaucratic upheaval costs would be high.

(7) CIA would experience a major loss of cohesion and lowering of morale.

21. The foregoing discussion of basic options and their pros and cons represents only my personal views.

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22. Obviously, there are many variations within each of these options. And others may think of additional pros and cons.

23. The Administration has not yet developed a formal position, and I do not wish to express any personal preference in advance of the Administration decision.

24. I trust, however, that I have provided you with food for thought which will be useful in the followon discussions which you hold among yourselves.

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All of these options contain certain established elements of a national intelligence production system:

--A DCI or DGI sitting in the NSC and its subcommittees as the senior national intelligence officer.

--An analysis organization independent of the major departments supporting him in this role.

--Departmental analysis and production organizations providing an input to national intelligence.

In my view all these are essential to a national system. How they are wired up together, however, makes a lot of difference. There are three basic models:

1. The DGI or DCI maintains direct control of the independent analysis organization. It becomes his staff for national intelligence production, drawing on the departmental agencies where they can contribute or usefully compete.
2. The DGI or DCI maintains control, through a small staff, of National Intelligence Estimates and maintains some sort of overview of other

national intelligence production. "CIA" or whatever replaces it remains responsible for other forms of national production and for supporting much of the estimates process, with the rest fanned out to departmental organizations.

3. The DGI or DCI delegates national production to the Director of CIA or whatever replaces it. Under his direction, the D/CIA, with the assistance of the departmental agencies, produces the whole range of national products, but relies primarily on his own agency.

Any choice among these must consider the following:

--The DCI's substantive role. If he is to serve the President and the NSC and participate actively in the NSC apparatus, he must be able to control and ^{to}~~does~~ draw on the full range of national intelligence production. To the extent that he must rely on departmental production not under his control, he becomes a captive of departmental intelligence.

--The DCI's resource role. If he is to evaluate the performance of the systems, to manage collection, and to make informed decisions on resource matters, he must have a strong substantive staff closely^gcoupled to his resource and management staffs.

--The nature of national intelligence. National Estimates have traditionally been considered as somewhat beyond and above other forms of production. This distinction is artificial and in practice out of date. Estimates, inter-agency studies, NSSM's, ^{"warning"}current intelligence, and other research supporting all of these are indivisible aspects of a single whole--intelligence support for national policy. They all deal with the same questions and use the same basic inputs.

--Efficiency. A DCI staff responsible for some, but not all, national production and for substantive inputs to the other elements of his staff will inevitably be under strong pressure to grow and to duplicate the capabilities of CIA, particularly if physically separated from it.

- Physical arrangements. A DCI staff actively involved in production would have to ^{be} ~~go~~ co-located with the CIA elements supporting it. But a DGI who sought to be ecumenical would not want to be lodged at Langley.
- Scale. A DGI organization that incorporated the production organization would have as many as obviously too large to be viewed as a staff function.
- Objectivity. The fact that CIA production is independent of the policy and budgetary concerns of the departments makes it by definition the first approximation of the national intelligence position on any given issue. The DCI to do his substantive job must usually be "partial" to that position and must rely primarily on CIA work, while seeking contributions from the departments when feasible and allowing them to dissent when necessary. In this context "impartiality" undercuts the raison d'etre of CIA production and the esprit underlying it.

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